

**GREATER AUBURN-GRESHAM  
DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32**

**FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

**(With Independent Auditors' Report on  
Compliance with City Requirements)**

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

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**Independent Auditors' Report on Compliance with  
City Requirements for the Special Service Area #32**

The Commissioners of Special Service Area #32 of  
Greater Auburn-Gresham Development Corporation

We have audited the accompanying financial statements of Special Service Area #32 of Greater Auburn-Gresham Development Corporation ("GAGDC"), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

The Special Service Area #32 of GAGDC's management is responsible for the presentation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America: this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The accompany financial statements were presented to present the operation of Special Service Area #32 of GAGDC as described in Note 1, and are not intended to present the financial position and change in net assets of Greater Auburn-Gresham Development Corporation.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #32 of Greater Auburn-Gresham Development Corporation as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of revenues and expenditure -budget and actual are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in the relation to the financial statements as a whole. The accompanying summary schedules of findings have not been audited by us and, accordingly, we express no opinion on them.

*Alexander Mammie & Company, P.C.*

Matteson, Illinois

April 24, 2013

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

BALANCE SHEETS

AS OF DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 51,274	\$ 82,857
Tax levy receivable	<u>63,146</u>	<u>78,025</u>
Total Assets	<u>\$ 114,420</u>	<u>\$ 160,882</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Liabilities:		
Accounts payable	\$ 11,398	\$ 7,734
Due to affiliate - GAGDC	<u>55,368</u>	<u>34,717</u>
Total Liabilities	66,766	42,451
Net Assets:		
Unrestricted	<u>47,654</u>	<u>118,431</u>
Total Liabilities and Net Assets	<u>\$ 114,420</u>	<u>\$ 160,882</u>

The accompany notes are an integral part of these financial statements.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
<b>Revenue:</b>		
Tax levy revenue	\$ 287,500	\$ 282,335
Interest earned	101	38
Total Revenue	287,601	282,373
<b>Expenses:</b>		
Advertising and promotion services		
Website and/or social media	5,403	-
Public and/or media relations	20,218	9,000
Special events	37,000	37,003
Display advertising	11,602	14,932
Print materials	2,408	3,986
Service provider direct services	-	5,500
Total advertising and promotion services	76,631	70,421
Public way maintenance services		
Sidewalk cleaning	60,000	60,000
Other: litter free zone	39,655	9,860
Other: field inspections	5,000	-
Service provider direct services	-	5,000
Total public way maintenance services	104,655	74,860
Public way aesthetic services		
Decorative banners and holiday decorations	10,000	10,054
Public art	10,000	-
Landscaping (plants, watering, etc.)	8,000	8,029
Equipment purchase/maintenance	2,000	-
Service provider direct services	-	4,000
Total public way aesthetic services	30,000	22,083
Tenant retention/attraction		
Site marketing (materials, services, etc.)	22,000	29,000
Other: technical assistance to businesses	3,955	4,000
Other: business license, program	3,000	3,848
Services provider direct services	-	5,000
Total tenant retention/attraction	28,955	41,848
Façade development services		
Façade enhancement program -rebates	20,000	25,000
Program cost	1,476	-
Services provider direct services	-	2,000
Total façade development services	21,476	27,000

The accompanying notes are an integral part of these financial statements.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Safety programs		
Security services	4,020	-
Other: juvenile/adult court CAPS community service	5,000	3,000
Services provider direct services	<u>-</u>	<u>4,000</u>
Total safety programs	<u>9,020</u>	<u>7,000</u>
SSA District planning services		
District market study, impact analysis	-	8,000
Master planning	<u>15,000</u>	<u>-</u>
Total SSA district planning services	<u>15,000</u>	<u>8,000</u>
Admin Non-Personnel		
Audit	4,775	4,500
Bookkeeping	2,000	6,000
Office rent	7,500	7,500
Office utilities	1,718	2,000
Office supplies	1,756	2,000
Office equipment lease/maintenance	1,700	3,000
Office printing	1,984	2,000
Postage	708	1,000
Meeting expenses	2,000	2,000
Subscriptions/dues	1,000	-
Other: Consultants	33,000	-
Services provider direct services	<u>-</u>	<u>26,637</u>
Total admin non-personnel	<u>58,141</u>	<u>56,637</u>
Loss Collection		
Loss Collection	<u>14,500</u>	<u>14,500</u>
Total loss collections	<u>14,500</u>	<u>14,500</u>
Total Expenses	<u>358,378</u>	<u>322,349</u>
Change in net assets	(70,777)	(39,976)
Net assets at beginning of year	<u>118,431</u>	<u>158,407</u>
Net assets at end of year	<u>\$ 47,654</u>	<u>\$ 118,431</u>

The accompanying notes are an integral part of these financial statements.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (70,777)	\$ (39,976)
Changes in assets and liabilities:		
Decrease in levy receivable	14,879	37,416
Increase (decrease) in accounts payable	3,664	(25,386)
Increase in due to affiliate - GAGDC	<u>20,651</u>	<u>7,910</u>
Net cash provided by operating activities	<u>(31,583)</u>	<u>(20,036)</u>
Net decrease in cash	(31,583)	(20,036)
CASH AND CAH EQUILVALENTS AT BEGINNING OF YEAR	<u>82,857</u>	<u>102,893</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$ 51,274</u>	<u>\$ 82,857</u>

The accompanying notes are an integral part of these financial statements.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

**1. Nature of Business:**

The Greater Auburn-Gresham Development Corporation (“GAGDC”) is a not for profit organization created in 2000 to provide economic development, social services, and health services to local residents, in addition to those provided by the City of Chicago to the Greater Auburn-Gresham Development Corporation which the general boundaries include the 69<sup>th</sup> street to the north, 95<sup>th</sup> street to the east, Western on the west, and the Dan Ryan on the east. On December 7, 2005, the City Council of the City of Chicago enacted an ordinance, which established an area known and designated as City of Chicago Special Service Area #32 and authorized the levy of an annual tax not to exceed an annual rate of two percent (2%) of the equalized assessed value of the taxable property therein to provide by and to the City of Chicago generally. The area designated as Special Service Area #32 included the identical boundaries defined by the Greater Auburn-Gresham Development Corporation when it was created in 2000.

The special services authorized in the establishment ordinance include but are not limited to maintenance and beautification activities, coordinated marketing and promotional activities, parking and transit programs, area strategic planning, business retention/recruitment initiatives, building façade improvements, security services and technical assistance activities to promote community and economic development. The Commissioner of the City of Chicago’s Department Community Development was authorized to enter into an agreement to appoint Greater Auburn-Gresham Development Corporation as the Service Provider for the Special Service Area #32. All activities of the Special Service Area #32 are carried out by the Greater Auburn-Gresham Development Corporation.

The Agreement with the City of Chicago requires an annual independent audit of Special Service Area #32’s operations. Accordingly, the accompanying financial statements were prepared to present the operations of Special Service Area #32 and are not intended to present the financial position and change in net assets of Greater Auburn-Gresham Development Corporation.

**2. Significant Accounting Policies:**

(a) **Basic Financial Statements**

Generally accepted reporting standards for nonprofit organizations state that the basic financial statements include a statement of financial position, a statement of activities, and a statement of cash flows.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

NOTES TO FINANCIAL STATEMENTS

(Continued)

YEARS ENDED DECEMBER 31, 2012 AND 2011

**2. Significant Accounting Policies (Continued):**

(a) **Basic Financial Statements (Continued):**

In order to accommodate the standard requirements and the requirements of the Department of Housing and Economic Development, the statements included with the Independent Auditors' Report are a statement of financial position re-titled to Balance Sheet, a Statement of Activity and Changes in Net Assets, and a Statement of Cash Flows. A Statement of Revenues and Expenditures-Budget and Actual is also included in the report on supplementary information.

(b) **Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

(c) **Revenue**

Special Service Area #32 of GAGDC provided for the authorization of a levy of an annual tax not to exceed an annual rate of two percent (2%) of the equalized assessed value of the taxable property therein to cover the cost of special services provided for in the ordinance.

(d) **Income Tax Status**

GAGDC is a nonprofit Illinois corporation and exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the operations of Special Service Area #32 are exempt from income taxes.

(e) **Reclassification**

Certain prior year balances have been reclassified to conform to the current year presentation.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

NOTES TO FINANCIAL STATEMENTS  
(Continued)

YEARS ENDED DECEMBER 31, 2012 AND 2011

**3. Tax Levy Receivable:**

Tax levy receivable consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Tax levy receivable-2011	\$ 24,933	\$ -
Tax levy receivable-2010	6,412	33,385
Tax levy receivable-2009	9,419	10,777
Tax levy receivable-2008-2006	<u>22,382</u>	<u>33,863</u>
Total tax levy receivable	<u>\$ 63,146</u>	<u>\$ 78,025</u>

Tax levy receivable are deem collectible within the next calendar year.

**4. Due to GAGDC:**

Due to affiliate-GAGDC consist of the following:

GAGDC has a \$282,000 line of credit with Harris N.A. The line bears an interest rate 3.25% with annual yield of 1.75%. At December 31, 2009, GAGDC loaned a portion of the line of credit proceeds to Special Service Area#32 of GAGDC and the outstanding balance of the loan was \$45,000. As of December 31, 2012 and 2011, Special Service Area #32 GAGDC outstanding year-end balance of this loan was \$15,000 for both years.

As of December 31, 2012 and 2011, GAGDC incurred reimbursable expense of \$40,368 and \$19,717 on behalf of the Special Service Area #32 of GAGDC.

**5. Loss Collection**

Special Service Area #32 of GAGDC uses the direct write-off method for uncollectible levy receivable. As of December 31, 2012 and 2011, loss collection consists of \$14,500 for both years.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

NOTES TO FINANCIAL STATEMENTS  
(Continued)

YEARS ENDED DECEMBER 31, 2012 AND 2011

**6. Related Parties:**

The Special Service Area Manager's consultant firm also provided consultant services to Special Services Area # 32 of GAGDC in the amounts of \$78,000 and \$52,000 for the years ended December 31, 2012 and 2011, respectively.

**7. Subsequent Events:**

Special Service Area #32 of GAGDC has evaluated events through April 24, 2013 the date of the issuance of the financial statements were available, and has determined that there were no subsequent events to be recognized in these financial statements.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION

SPECIAL AREA AREA #32  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	<u>Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable)</b>
<b>Revenue:</b>			
Tax levy revenue	\$ 287,500	\$ 287,500	\$ -
Carryover	77,000	-	(77,000)
Interest earned	-	101	101
Total revenue	<u>364,500</u>	<u>287,601</u>	<u>(76,899)</u>
<b>Expenses:</b>			
Advertising and promotion services			
Website and/or social media	5,500	5,403	97
Public and/or media relations	19,000	20,218	(1,218)
Special events	37,000	37,000	-
Display advertising	12,000	11,602	398
Print Materials	3,000	2,408	592
Total advertising and promotion services	<u>76,500</u>	<u>76,631</u>	<u>(131)</u>
Public way maintenance services			
Sidewalk cleaning	60,000	60,000	-
Other: litter free zone	40,000	39,655	345
Other: field inspections	5,000	5,000	-
Total public way maintenance services	<u>105,000</u>	<u>104,655</u>	<u>345</u>
Public way aesthetic services			
Decorative banners and/or holiday decorations	10,000	10,000	-
Public art	10,000	10,000	-
Landscaping	8,000	8,000	-
Equipment purchase/maintenance	4,000	2,000	2,000
Total public way aesthetic services	<u>32,000</u>	<u>30,000</u>	<u>2,000</u>
Tenant retention/attraction			
Site marketing ( materials, services, etc.)	22,000	22,000	-
Other: Technical assistance to businesses	4,000	3,955	45
Other: business license, program	3,000	3,000	-
Total tenant retention/attraction	<u>29,000</u>	<u>28,955</u>	<u>45</u>
Façade development services			
Facade enhancement program-rebates	20,000	20,000	-
Program cost (application, etc.)	2,000	1,476	524
Total facade development services	<u>22,000</u>	<u>21,476</u>	<u>524</u>
Safety programs			
Security services	5,000	4,020	980
Other :Juvenile/adult court and CAPS community service	5,000	5,000	-
Total safety programs	<u>10,000</u>	<u>9,020</u>	<u>980</u>

See independent auditors' report on supplemental information.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION

SPECIAL AREA AREA #32  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2012

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
SSA District planning			
Master planning	15,000	15,000	-
Total district planning	15,000	15,000	-
Admin Non-Personnel			
SSA audit	6,000	4,775	1,225
Bookkeeping	2,000	2,000	-
Office rent	7,500	7,500	-
Office utilities	2,000	1,718	282
Office supplies	2,000	1,756	244
Office equipment lease/maintenance	2,000	1,700	300
Office printing	2,000	1,984	16
Postage	1,000	708	292
Meeting expenses	2,000	2,000	-
Subscriptions/dues	1,000	1,000	-
Other: Cherly Johnson Consultant	30,000	30,000	-
Other: Pearl Davis, Consultant	3,000	3,000	-
Total admin non-personnel	60,500	58,141	2,359
Loss Collection			
Loss Collection	14,500	14,500	-
Total loss collection	14,500	14,500	-
Total expenses	364,500	358,378	6,122
Change in net assets	-	(70,777)	70,777
Net assets at beginning of year	-	118,431	(118,431)
Net assets at end of year	\$ -	\$ 47,654	\$ (47,654)

See independent auditors' report on supplemental information.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION

SPECIAL AREA AREA #32  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	<u>Budget</u>	<u>Actual</u>	<b>Favorable (Unfavorable)</b>
<b>Revenue:</b>			
Tax levy revenue	\$ 282,335	\$ 282,335	\$ -
Carryover	86,500	-	(86,500)
Interest earned	-	38	38
Total revenue	<u>368,835</u>	<u>282,373</u>	<u>(86,462)</u>
<b>Expenses:</b>			
Advertising and promotion services			
Display ads	15,000	14,932	68
Print Materials	4,000	3,986	14
Public /media relations services	9,000	9,000	-
Special events	37,000	37,003	(3)
Service provider direct services	5,500	5,500	-
Total advertising and promotion services	<u>70,500</u>	<u>70,421</u>	<u>79</u>
Public way maintenance services			
Sidewalk cleaning	60,000	60,000	-
Service provider direct services	5,000	5,000	-
Other/Litter free zone	11,000	9,860	1,140
Total public way maintenance services	<u>76,000</u>	<u>74,860</u>	<u>1,140</u>
Public way aesthetic services			
Holiday decorations/other	10,000	10,054	(54)
Landscaping	8,000	8,029	(29)
Service provider direct services	4,000	4,000	-
Total public way aesthetic services	<u>22,000</u>	<u>22,083</u>	<u>(83)</u>
Tenant retention/attraction			
Site marketing materials	39,000	29,000	10,000
Technical assistance to businesses	4,000	4,000	-
Services provider direct services	5,000	5,000	-
Other: business license and support program	4,000	3,848	152
Total tenant retention/attraction	<u>52,000</u>	<u>41,848</u>	<u>10,152</u>
Façade development services			
Facade enhancement program	45,000	25,000	20,000
Services provider direct services	2,000	2,000	-
Total facade development services	<u>47,000</u>	<u>27,000</u>	<u>20,000</u>
Safety programs			
Juvenile/adult court and CAPS community service	3,698	3,000	698
Services provider direct services	4,000	4,000	-
Total safety programs	<u>7,698</u>	<u>7,000</u>	<u>698</u>

See independent auditors' report on supplemental information.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION

SPECIAL AREA AREA #32  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2011

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
District planning			
District marketing study, impact analysis, etc	8,000	8,000	-
Total district planning	8,000	8,000	-
 Management and general			
Audit	12,000	4,500	7,500
Bookkeeping	6,000	6,000	-
Meeting	5,000	2,000	3,000
Office equipment lease/maintenance	7,000	3,000	4,000
Office rent	7,500	7,500	-
Office supplies	2,000	2,000	-
Utilities/telephone	2,000	2,000	-
Postage	1,000	1,000	-
Office printing	2,000	2,000	-
Services provider direct services	26,637	26,637	-
Total management and general	71,137	56,637	14,500
 Loss Collection			
Loss Collection	14,500	14,500	-
Total loss collection	14,500	14,500	-
Total expenses	368,835	322,349	46,486
 Change in net assets	-	(39,976)	39,976
 Net assets at beginning of year	-	118,431	(118,431)
 Net assets at end of year	\$ -	\$ 78,455	\$ (78,455)

See independent auditors' report on supplemental information.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

SUMMARY SCHEDULE OF FINDINGS

(Unaudited)

YEAR ENDED DECEMBER 31, 2012

We have read the requirements of the Service Provider Agreement between Greater Auburn-Gresham Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2012, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all line items for which expenditures were made. The actual spending for all items, except for fifteen (15) items was equal to the budgeted allowance. Thirteen of fifteen items noted were favorable to the budget allowances and two of fifteen items were unfavorable to the budget allowances.

Response

Management will continue to monitor expenditures to ensure that the carryover of unexpended funds to next calendar year.

Finding-2

Special Service Area #32 of GAGDC for the year ending December 31, 2012 unexpended balance of \$45,292 does not equal to 2013 Budget Carryover of \$47,406.

Response

The 2013 Budget Carryover of \$47,406 does not equal to unexpended net assets balance of \$45,292 due to the 2013 Budget was prepared and approved prior to issuance of the audit report.

GREATER AUBURN-GRESHAM DEVELOPMENT CORPORATION  
SPECIAL SERVICE AREA #32

SUMMARY SCHEDULE OF FINDINGS  
(Unaudited)

YEAR ENDED DECEMBER 31, 2011

We have read the requirements of the Service Provider Agreement between Greater Auburn-Gresham Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2011, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all line items for which expenditures were made. The actual spending for all items, except for thirteen (13) items was equal to the budgeted allowance.

Response

We concurred with the finding. Management will monitor expenditures more closely to ensure the utilization of all funds in accordance to budgeted line.

Finding-2

Special Service Area #32 of GAGDC for the year ending December 31, 2011 unexpended balance of \$118,431 does not equal to 2012 Budget Carryover of \$22,000.

Response

We concurred with the finding. Management will adjust carryover for 2012 to ensure that carryovers are expended during the year.